



Fourth Quarter 2015

New Employer Requirements for 2017

Assembly Bill (AB) 1245 (Chapter 222, Statutes of 2015) requires all employers to electronically file their employment tax returns, reports, and payments to the Employment Development Department (EDD) beginning January 1, 2017¹.

AB 1245, authored by Assembly Member Ken Cooley and sponsored by Small Business California, will be phased in over two years to offer employers ample time to prepare.

Employers with 10 or more employees will become subject January 1, 2017, and all other employers will be subject January 1, 2018.

AB 1245 contains a provision for a hardship waiver for employers who are unable to file returns, reports, and payments electronically.

Employers can enroll now in the EDD [e-Services for Business](#) to fulfill these requirements. No specialized software is required – all you need is access to the Internet and a computer, tablet, or smartphone.

The EDD e-Services for Business offers employers more accurate reporting in a secured data environment and online account management tools available 24 hours a day, 7 days a week.

Additional benefits for reporting electronically include:

- Reduces errors that are common with paper forms.
- Protects data through encryption that is safer and more secure than paper forms.
- Provides an automated receipt so employers immediately know their return, report, or payment was received.
- Saves time by saving basic account information for future transactions.
- Allows employers to easily update account information.
- Reduces paper and mailing cost.

For more information or technical assistance in making the transition to e-Services for Business, visit the [e-Services for Business](#) website or contact the EDD Taxpayer Assistance Center at 888-745-3886, Monday through Friday, 8 a.m. to 5 p.m. (Pacific Time).

¹Any employer required under existing law to electronically submit wage reports and/or electronic funds transfer to the EDD prior to January 1, 2017, will remain subject to those requirements.

More Than Just a Number

Your Employer Payroll Tax Account Number

The California Unemployment Insurance Code (CUIC) Section 1086 requires you to register as an employer with the EDD within 15 days after you hire one or more employees and pay wages in excess of \$100 in a calendar quarter.

When you register with the EDD you will be assigned an employer payroll tax account number.

Employer payroll tax account numbers are eight digits in length and conform to the format XXX-XXXX-X.

Your employer payroll tax account number is more than just a number

for the following reasons. The account number:

- Is unique to your business and distinguishes your account from others.
- Ensures reported wages, contribution payments made, and deposit coupons submitted are credited to your account correctly and in a timely manner.
- Assists the EDD in maintaining an accurate record of the wages paid to your employees.
- Enables you to avoid erroneous estimated assessments, liabilities, and penalties.

Be sure to include your employer payroll tax account number on all forms, payments, deposit coupons, and correspondence submitted to the EDD. It could save you a lot of time and money due to avoidable mistakes.

2016 Taxable Values for Meals and Lodging

The 2016 Taxable Value of Meals and Lodging rates are now available. To view the rates, visit: [2016 Meals and Lodging](#).

Annual Reminder: Notification Requirements

You may be required to provide the following to employees annually:

- Wage and Tax Statement, Form W-2
- Earned Income Tax Credit (EITC) Notification
- Information Return, Form 1099

For more information, go to [Year End Notifications](#).

Online. Anytime. e-Services for Business.

Available Now:

Revised *Commercial Employer Account Registration and Update Form* (DE 1)

The redesigned *Commercial Employer Account Registration and Update Form* (DE 1) allows you to register for a new employer payroll tax account number or to make changes on an existing employer payroll tax account using one form.

With this update, the *Change of Employer Account Information* (DE 24) will no longer be available for use.

Look for improved questions and instructions to ensure a successful, timely registration, or changes to your account.

With the new form, you will be able to:

- Register for an employer payroll tax account number.
- Request an account for CalJOBSsm.
- Change your address.
- Change your business name.
- Change partners, officers, members, or managers.
- Report the purchase or sale of a business.
- Reopen a previously closed account.
- Request to close an account.
- Change ownership or entity status.

Take advantage of the smart interactive technology that has been added to the online PDF version of the form.

This technology highlights required fields based on your entries to ensure that all

necessary information is provided for a successful registration or change request.

No time to mail in your form? The easiest and most efficient way to register for, or update, an employer payroll tax account is to use [e-Services for Business](#).

- No fee to enroll and use.
- Fast, easy, and secure way to manage your payroll taxes.
- Simple one-time online enrollment.
- Most e-Services for Business features are available 24 hours a day, 7 days a week.

No matter which method you use, please remember:

- Employment occurs when an employer engages the services of an employee for pay.
- You become an employer when you employ one or more employees and pay wages over \$100 in a calendar quarter.
- You must register with the EDD within 15 days of paying employee wages in excess of \$100.
- You are responsible for reporting wages paid to employees and paying Unemployment Insurance and Employment Training Tax on the wages, as well as withholding and remitting State Disability Insurance and Personal Income Tax.

2016 Tax Rate Information Notice

The 2016 UI taxable wage limit and the Employment Training Tax (ETT) taxable wage limit is \$7,000 per employee. The ETT rate will remain at 0.1 percent (.001).

You will receive your *Notice of Contribution Rates and Statement of Unemployment Insurance (UI) Reserve Account* (DE 2088) for the period of January 1, 2016, to December 31, 2016, by December 31, 2015.

If you have moved and have a change of address or agent update, please inform the EDD immediately in order to receive your DE 2088 by December 31, 2015.

Once you receive the DE 2088 notice, carefully review all items as it provides you information concerning:

- Tax rates and UI reserve account activity.
- State Disability Insurance (SDI) rate and taxable wage limit.
- Whether you are subject to ETT.

For specific rate information, you or your agent can go to [e-Services for Business](#).

For your protest rights, refer to the *Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088C).

For assistance contact the Taxpayer Assistance Center at 888-745-3886.

Are You in Compliance?

Lump Sum Reporting Is Easy Using Employer Services Web App

Section 17512 of the California Family Code (CFC) requires all earnings to be reported for employees subject to income withholding for child support. Section 5206 of the CFC classifies earnings as: bonuses, commissions, and stipends, in addition to wages, and salary.

Using the Employer Services Web Application provided by the federal Office of Child Support Enforcement (OCSE) is a simple and easy way for you to report upcoming lump sum payments in a single transaction.

You can use the Employer Services Web Application to either upload a file or enter information online. First, you must register [online](#) or with the [OCSE](#) by e-mail. Once you're

registered, you can either use the "File Upload" or "Lump Sum Entry" screen to submit information for your employees who are eligible to receive a lump sum payment.

After you have submitted your information, you will receive an acknowledgement indicating the information was successfully transmitted to the Employer Services Web Application.

Within 24 hours, your information will be sent to the California Department of Child Support Services (DCSS).

To report directly to the DCSS, call 916-464-6640 or send an e-mail to: lumpsumresponseteam@dcss.ca.gov.

Worker Adjustment and Retraining Notification (WARN)

As a California employer, you should become familiar with your responsibilities under the state's Worker Adjustment and Retraining Notification (WARN) Act, a law that requires you to notify affected employees 60 days in advance of plant closures and mass layoffs.

The 60-day notice requirement applies to companies with 75 or more employees that plan to lay off 50 or more employees during any 30-day period.

You must provide the WARN notice to the EDD, affected employees, the Local Workforce Development Board, and the chief elected officials of each city and county government in which the termination, relocation, or mass layoff occurs.

Visit the [EDD's WARN](#) Web page for filing instructions, content requirements, provisions, reports, and FAQs. The EDD publishes bi-weekly WARN Summary Reports on the 10th and 25th of each month or on the next business day if publication dates fall on weekends or holidays.

Once the EDD receives the notice, we notify the Rapid Response Team, a cooperative effort between the Local Workforce Development Areas (Local Areas) and the EDD, to assist employers and workers in a variety of ways.

The nearest [America's Job Center of CaliforniaSM](#) can provide information about Unemployment Insurance and the adult and dislocated worker services available under Title I of the Workforce Innovation and Opportunity Act.

If the dislocation is the result of foreign competition or foreign relocation, the affected workers may be eligible for a wide range of assistance under the Trade Adjustment Assistance Act, including income support, job search assistance, relocation, and training.

The EDD does not enforce the WARN law and cannot provide legal advice. For issues regarding the enforcement of the WARN law, please contact your local California Department of Industrial Relations (DIR) [Labor Commissioner's Office](#), or visit the [DIR's WARN](#) Web page.

New on the EDD Website

Reimbursable Method of Financing Unemployment Insurance (UI) Benefits

Newly added to the EDD website is the [Reimbursable Method of Paying UI Benefits](#).

If you are a public entity employer or non-profit employer as described under Section 501(c)(3) of the Internal Revenue Code, you have the option to elect the reimbursable method of financing to reimburse the UI Fund for all benefits paid to your former employees on a dollar-for-dollar basis.

As a public employer, if you choose this method, it must remain in effect for two complete calendar years. Non-public

employers are obligated for five complete calendar years.

Whether you are a public or non-public employer, you would be billed quarterly and payments would be due within 30 days of the statement date.

If you terminate your reimbursable coverage, you will remain liable for UI benefits paid to your former employees covered under this program for a period of three calendar years.

Employers of public schools (kindergarten through 12th grade) and community

colleges may elect to participate in the School Employees Fund, which is a special reimbursable financing method available for school districts. For additional information on this fund, visit the [School Employees Fund](#) website.

New Fraud Prosecution Website Continues Commitment to Safeguard Benefit Programs

The EDD has launched a new Web page which lists the most [recent convictions for fraud](#).

The creation of this Web page is consistent with the EDD's commitment to safeguard the benefit programs it administers: Unemployment Insurance, Disability Insurance, and Paid Family Leave. It also helps avoid higher employment payroll taxes that can result from fraud.

The EDD is also using detection as a tool to help deter fraud through

electronic monitoring, data-matching, and cutting-edge technology.

In addition, education and outreach play a vital role in the EDD's effort to deter fraud by helping claimants, employers, and their representatives understand what constitutes fraud and how to avoid it and the penalties associated with it.

For more information on what constitutes fraud and how to report fraud, visit the [fraud and penalties](#) website.

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To request alternate formats, call 916-654-9029.

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